

**XING** 

# Quarterly Report

## I / 2008

		Q1/2008	Q1/2007
Revenues <sup>1</sup>	in € million	7.51	3.93
EBITDA	in € million	2.64	0.75 <sup>2</sup>
EBITDA-Margin	in percent	35	19 <sup>2</sup>
Result for the period	in € million	1.62	0.47
Operating cash flow	in € million	3.49	0.35
Operating cash flow per share	in €	0.67	0.07
Earnings per share (undiluted)	in €	0.31	0.09
Shareholders' equity	in € million	47.83	41.51
Members	in million	5.71	2.13
Thereof Premium members	in thousand	420	258
Number of contact connections	in million	86	50
Employees		127	87

<sup>1</sup> Incl. other operating income

<sup>2</sup> Before non-recurring charges

**XING AG provides business people with an Internet platform that offers approximately 6 million members worldwide a wide range of customized functions for contact searches and management in line with the motto: “Discover and Utilize your Relationships”. With the successful IPO at the end of 2006, XING was the first Web 2.0 company worldwide to have a significant impact on the trend in online business networking.**

**On the basis of the theory that “no two people are more than six degrees apart”, the platform displays to its members the contacts of their contacts, so that a personal network can be established and maintained quickly and in an uncomplicated manner. Beyond its headquarters in Hamburg, XING AG has also established a presence in Barcelona, Peking and, since January 2008, in Istanbul. The platform can be used in 16 different languages.**

# Contents



## Overview

- Profile and KPI's
- Contents

## To our shareholders

- 2 Letter of the Executive Board

## Interim management report

- 4 Business and industry development
- 5 Business development and results of operations
- 10 Research and product development
- 10 Results of operations
- 11 Net assets
- 11 Financial position
- 11 Risk report
- 12 Outlook
- 12 Major events after the end of the interim reporting period

## Consolidated interim financial statements

- 13 Consolidated income statement
- 14 Consolidated balance sheet
- 16 Consolidated cash flow statement
- 17 Statement of movements in consolidated shareholders' equity
- 18 Notes to the short-form consolidated financial statements

## Further information

- 22 XING share
- 23 Financial calendar 2008
- 23 Masthead and contact

# Letter of the Executive Board

**Ladies and gentlemen,  
Dear shareholders, employees and XING members,**

XING AG has made a tremendous start to 2008!

2 The first quarterly report of the new financial year shows us that the success story of XING is continuing. We have carried on our rapid growth in the first three months of the year: We not only signed up 880 thousand new members - an even more impressive aspect is the increase in the number of subscribers. We have considerably exceeded the record of 40 thousand new Premium members in the third quarter of 2007, and have set a new record with 58 thousand new paying XING members. These subscriptions ensure that, unlike many other social networks which are mainly financed by advertising, we have a strong and also sustainable source of revenues.

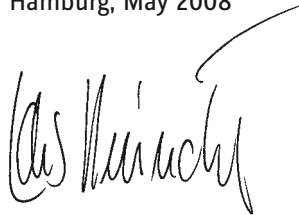
A further advantage of our business model is the fact that it is extremely scalable. In the first quarter alone, with EBITDA of € 2.64 million and an EBITDA margin of 35 percent, we have been able to continue the strong profitability of the previous year. Compared with the corresponding previous year quarter, we have almost doubled our revenues to € 7.5 million (+ 91 percent).

We are particularly satisfied with the impressive performance of our new business model eCommerce. The interest for placing job offers on XING is still above our expectations, and we will continuously develop this product and make it even more attractive for our customers. In addition, we will offer our members a further category in the Marketplace this year, and thus implement a further business model on our platform.

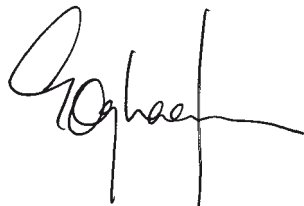
At the beginning of the first quarter, we used the proceeds of the IPO to continue our growth strategy by way of acquisitions. Apart from the integration of the Spanish subsidiary Neurona, the first quarter was mainly characterized by the acquisition of cember.net, the largest network for business contacts in Turkey. With the acquisition of cember.net, we have positioned ourselves as the clear market leader in the field of online networking for business persons in the Turkish-speaking world.

We should like to thank you for the confidence which you have so far placed in our Company. We would like to make XING even more successful together with you, and we would be pleased if you would accompany us and support us in future in this respect.

Hamburg, May 2008



Lars Hinrichs  
CEO and founder  
XING AG



Eoghan Jennings  
CFO  
XING AG



Burkhard Blum  
Member of the  
Executive Board  
XING AG

# Interim management report

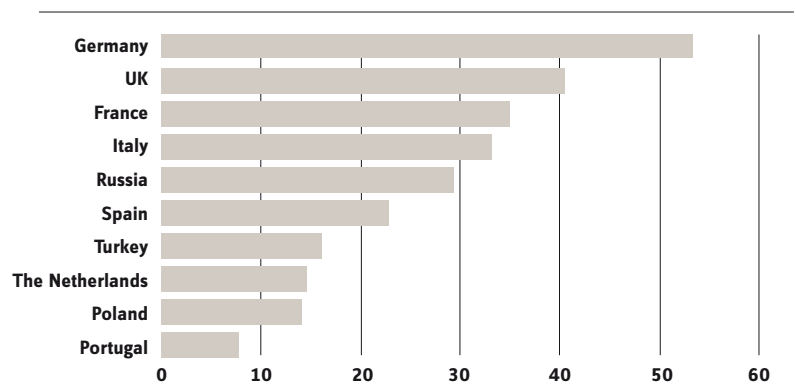
## Business and industry development

XING AG has further strengthened its leading position in Europe during the first quarter. With the acquisition of the largest Turkish business network cember.net in January 2008, XING AG has continued its growth strategy and has attained a further important milestone for assuring its market leadership in the European business networking market. The largest and most attractive Internet market on the continent is Germany. XING AG has positioned itself as the clear market leader for business networking in this market, with approximately 2 million members. With the

acquisitions of its Spanish competitors eConozco and Neurona, the Company is now also the undisputed market leader in the Spanish-speaking world. In Germany and Spain, the Company's share of the market is around 4 percent in both cases, and the Company has thus established an excellent basis for its further viral growth. The acquisition of the Turkish competitor cember.net which has now been completed strengthens the active role of XING AG in the consolidation of the business networking market. A further consequence of these acquisitions is an increasingly international member base. At the end of the first quarter, approximately 70 percent of all XING members came from abroad.

4

Internet users Europe



Source: [www.internetworldstats.com](http://www.internetworldstats.com)

## Business development and results of operations

### New record set by quarterly revenues

XING AG set a new record in terms of revenues in the first quarter of the new financial year. At the end of the year, the Company has established further business models (eCommerce and Advertising), and generated initial revenues with eCommerce and Advertising in the fourth quarter. The new business models have been able to generate their revenues for a full quarter for the first time. Service revenues of € 7.4 million in Q1/2008 have accordingly doubled compared with the corresponding previous year. Simultaneously to the strong growth in revenues, the Company has generated an EBITDA margin of around 35 percent and thus provided an impressive demonstration of the scalability of its business model.

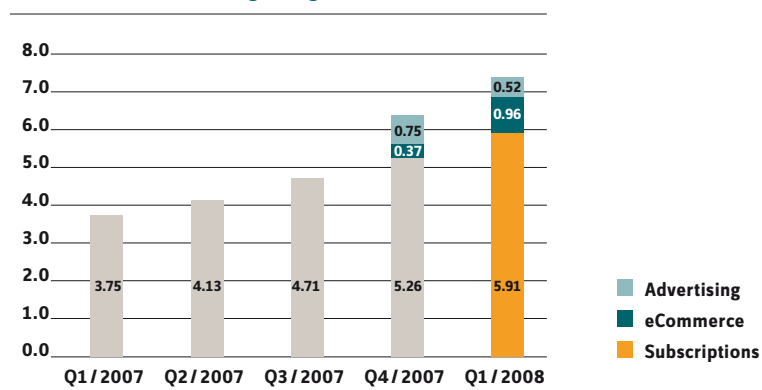
Following the introduction of the new business models eCommerce and Advertising at the end of 2007, the strategy of XING AG is now based on three pillars, which in future will continue to boost growth in revenues and results. In the first quarter of 2008, XING AG generated 20 percent of its service revenues in these two new

segments. The core business of subscriptions accounted for around 80 percent of service revenues. This is equivalent to growth of around 58 percent compared with the corresponding previous year quarter, and demonstrates that the core business with Premium memberships has tremendous growth potential.

The second revenue driver has been the eCommerce segment since the fourth quarter of 2007. Since the end of last year, XING AG has been generating its revenues in this respect mainly as a result of marketing job offers via the "XING Marketplace". In addition, the Company also generates revenues in this segment from the marketing offering of products and services via the "XING PremiumWorld". Compared with the previous quarter, revenues in this segment have more than doubled to € 0.96 million.

5

Service revenues according to segmentation in € million

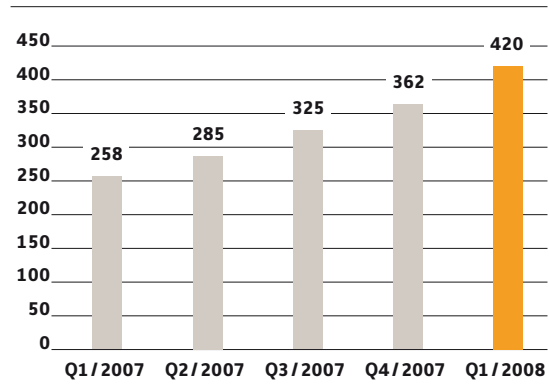


The new Advertising segment generated revenues of € 0.52 million in the first quarter of the year, due mainly to the marketing of advertising space on the XING platform. Compared with the previous quarter, this is equivalent to a decline of € 0.23 million. This is due to the fact that revenues in the advertising segment in the fourth quarter comprised a one-off component of € 0.75 million. Advertising represents an attractive source of income which complements the two existing business models subscriptions and eCommerce. Due to XING's primary focus on members' user experience, it will be necessary to proceed with caution implementing this new source of revenue.

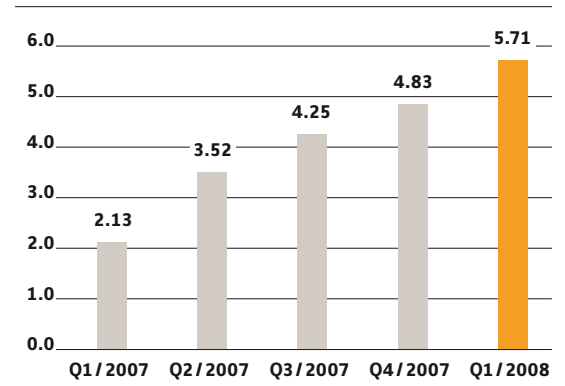
### Growth among Premium members higher than expectations

Although experience has shown that the initial months of a financial year belong to the strongest quarters in terms of member growth as a result of seasonal factors, growth in the number of subscribers has exceeded internal expectations. In the third quarter of 2007, XING AG was for the first time able to report 40 thousand new subscribers in one quarter, thus setting a new record. With the growth in the first quarter of 2008, the Company exceeded this high level by a further 45 percent, and with 58 thousand new members in one quarter reported the strongest growth so far in the Company's history. XING AG has accordingly increased the number of subscribers by more than 60 percent from 258 thousand to 420 thousand in the course of one year.

Premium members in thousand



Number of members XING AG in million





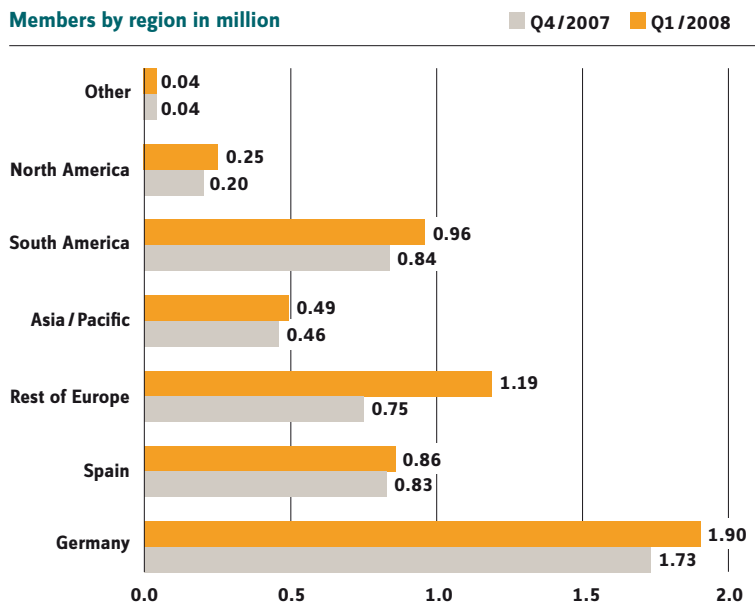
With the acquisition of cember.net in Turkey and the continuing strong viral member growth, XING AG increased the number of its members by a total of 880 thousand in the first quarter. Adjusted by the acquisition of 280 thousand new Turkish members, organic growth was 600 thousand. Accordingly, the platform has 5.71 million members at the end of the first quarter. This is equivalent to growth of 3.30 million members during the last twelve months.

The growth in the number of members is driven by strong organic growth in the Company's domestic market of Germany. Compared with the previous quarter, the number of members in Germany has increased from 1.73 to 1.90 million. In addition, the Company has reported a considerably broader member base in Austria, Switzerland as well as Turkey and South America.

### **"MyNetworkValue" campaign has made a successful start**

In the first quarter, the marketing activities of XING focused on online and for the first time ever also on offline campaigns. With the worldwide marketing action "MyNetworkValue.com", XING is the first business network to have developed a micro site which enables members to calculate the value of their personal network. This so-called "network value" defines the potential value of one's own network which can be capitalized in the next ten years for instance by way of salary increases or new business. The calculation is based on scientific studies on the quality of social networks and their value for one's own career.

**Members by region in million**





8

More than 70 thousand persons have determined their network value since the beginning of the campaign. These include existing XING members, for whom the new tool has provided further confirmation of the value of their membership of XING. XING AG has also taken advantage of the strong popularity of private social networks and has implemented its own application for “MyNetworkValue” on a large international private contact network in order to demonstrate that professional contact management and the expansion of a network at the professional level can also provide genuine added value. More than 140 blogs have reported on “MyNetwork-

Value”, and have thus provided additional support for the already high virality of the campaign. In addition, XING has also been the first social network to use offline actions for marketing and has addressed potential members in Austria and Hamburg, Germany, in a striking manner with posters covering up to 840 square meters as well as blow ups and info screens.

#### **Acquisition of cember.net and integration of Neurona completed**

Only a few weeks after completing its first full financial year, XING AG has continued to consolidate the international business networking market. After having completed two acquisitions last year, making XING the market leader in the Spanish-speaking world, XING AG acquired the



Turkish business network cember.net in January 2008. The Company has thus established a bridgehead on the Bosphorus, and provides more than 280 thousand Turkish members with access to 5.4 million business professionals worldwide. Turkey is one of the most rapidly expanding economies in Europe, and offers tremendous growth potential with approximately 16 million Internet users and its currently low penetration rate of around 23 percent.

A further major milestone in the first quarter of 2008 was the integration of the Neurona business network which was acquired last year in the XING platform. Last year, XING was the first

social network in the world to have successfully taken over and integrated a Spanish network (eConozco), and the Company has now been able to contribute its collective experience for the migration of the much larger business platform Neurona. At the end of March, the second acquisition in the Company's history was completed with the migration of the former Neurona members.

## Research and product development

The development of new functionalities and services and the improvement of existing functionalities and services on the XING platform in the last quarter was again intended to further enhance the benefit of the platform for the members and also to implement the growth-oriented business strategy on the platform in functional terms. The main activities included:

- Integration of Neurona in the XING environment, incl. network and members
- Development of the network newsfeed "News from my Network" for the homepage; this has significantly boosted user activity
- Integration of new full-text search technology for finding members and group articles.
- Introduction of the status message on the individually usable user profile
- Launch of a new address book plug-in
- Start of the development of further profitable functions on the platform
- Ensuring optimum performance for worldwide delivery of the XING platform

In order to ensure operation and further development of the platform, XING AG uses the tried-and-tested Perl technology as well as the innovative web development framework Ruby on Rails. The tried-and-trusted service-oriented architecture is still used as the basis for networking with the existing platform.

The Company continued to expand its IT infrastructure in the first quarter. This means that XING AG will in future still be able to serve the constantly expanding number of users worldwide with high quality.

## Results of operations

### Development in revenues

XING boosted its total **revenues** incl. other operating income by 91 percent to € 7,505 thousand in the first three months of 2008 compared with the previous year period. This is mainly due to the sale of Premium memberships (79 percent), eCommerce (13 percent) and Advertising (7 percent).

The **other operating income** of € 92 thousand (previous year period € 173 thousand) was in line with the current operating development of XING.

### Result

In the first quarter of 2008, XING increased its **EBITDA margin** by 22 percentage points compared with the corresponding previous year period, from 35 percent to € 2,636 thousand (previous year period: € 529 thousand).

Compared with the first quarter of 2007 (€ 467 thousand), **EBT** of € 2,530 thousand more than quintupled in the first quarter of 2008 as a result of the strong EBITDA.

With revenue and earnings growth of 91 percent (€ 7,505 thousand), the total operating expenses of the Group increased by 43 percent (€ 4,869 thousand). EBITDA has also almost quintupled.

### Development of major profit and loss items

**Personnel expenses** have increased from € 1,395 thousand in the first quarter of 2007 to € 2,250 thousand in the first quarter of 2008. This increase is mainly due to factors such as staff recruitment (87 employees as of March 31, 2007 compared with 127 employees as of March 31, 2008) as well as vacation and bonus provisions.

XING AG increased its **marketing expenses** in the period under review (€ 664 thousand) for national and international online and offline marketing campaigns compared with the first quarter 2007 (€ 214 thousand).

The slight increase in **other operating expenses** (+9 percent compared with the corresponding previous year period) is mainly due to the higher costs of payment processing, IT service and maintenance.

Compared with the first quarter of 2007, **depreciation** on intangible assets and property, plant and equipment increased by only approximately 11 percent to € 388 thousand (previous year € 351 thousand) as a result of the change in the utilization duration of the XING platform.

### Net assets

The Group's **assets** amounted to € 64,726 thousand as of March 31, 2008; **cash and cash equivalents** accounted for 59 percent or € 37,881 thousand of this figure. As of December 31, 2007, the corresponding share of liquid assets was 63 percent. Cash and cash equivalents and short-term

deposits were virtually unchanged at € 37,881 as of March 31, 2008 compared with € 37,844 thousand as of December 31, 2007. The increase in other intangible assets, from € 2,054 thousand to € 5,988 thousand, is mainly attributable to the acquisition of the Turkish cember.net.

### Financial position

XING AG has generated **cash flow from operating activities** of € 3,490 thousand (previous year period: € 354 thousand). The increase is mainly driven by growth in Premium members.

The cash flow from investing activities amounted to € -3,407 thousand as of March 31, 2008 (previous year period: € -2,029 thousand). This result is attributable to the acquisition of cember.net as well as the investments in self-developed software.

### Risk report

Risks are permanently monitored and managed within the framework of the risk early warning system implemented by the Executive Board in accordance with section 91 (2) AktG. Apart from the risk factors detailed in the current annual report, the Company has not documented any further risks in the past three months.

## Outlook

XING AG is operating in a rapidly changing and simultaneously rapidly expanding market. It is necessary to retain the flexibility at all times to respond to market changes, new competitive situations and in the final analysis new opportunities.


XING AG is well equipped to meet such situations as a result of its internal organization and comfortable liquidity cushion, and will continue in future to assess attractive opportunities which might strengthen the positioning of XING as the market leader in the field of business networking in Europe.

In addition, XING AG will press on ahead with integrating the Turkish platform cember.net over the next six months, and will further expand its marketing activities internationally.

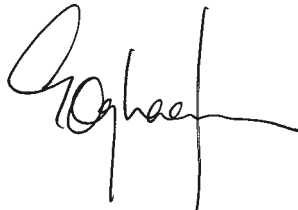
## Major events after the end of the reporting period

No major events have occurred after the end of the first quarter.

Hamburg, May 5, 2008



Lars Hinrichs  
CEO and founder  
XING AG



Eoghan Jennings  
CFO  
XING AG



Burkhard Blum  
Member of the  
Executive Board  
XING AG

# Consolidated interim financial statements

## Consolidated income statement for the quarter from January 1 to March 31, 2008

	01/01/2008 - 03/31/2008 in € thousand	01/01/2007 - 03/31/2007 in € thousand
Revenues from services	7,413	3,753
Other operating income	92	173
<b>Total revenues</b>	<b>7,505</b>	<b>3,926</b>
Cost of material	(8)	0
Personnel expenses and freelance staff	(2,250)	(1,395)
Marketing expenses	(664)	(214)
Other operating expenses	(1,947)	(1,788)
<b>EBITDA</b>	<b>2,636</b>	<b>529</b>
Depreciation	(388)	(351)
<b>EBIT</b>	<b>2,248</b>	<b>178</b>
Financial income	289	305
Financial expenses	(7)	(16)
<b>EBT</b>	<b>2,530</b>	<b>467</b>
Expenses attributable to taxes on income	(907)	0
<b>Total result for the period</b>	<b>1,623</b>	<b>467</b>
Thereof:		
Shareholders of the parent company	1,633	467
Minorities	(10)	0
	<b>1,623</b>	<b>467</b>
Earnings per share (undiluted)	0.31	0.09
Earnings per share (diluted)	0.30	0.09

## Consolidated balance sheet as of March 31, 2008

ASSETS	03/31/2008 in € thousand	12/31/2007 in € thousand
<b>Non-current assets</b>		
Intangible assets		
Other intangible assets	5,988	2,054
Purchased software	276	307
Self-developed software	3,205	2,934
Goodwill	9,261	9,280
Property, plant and equipment		
Technical equipment and machinery	0	0
IT hardware and other business equipment	1,443	2,487
Financial assets		
Equity participations	200	200
Other financial assets	6	132
Deferred tax assets	1,534	1,626
	<b>21,913</b>	<b>19,020</b>
<b>Current assets</b>		
Inventories		
Products	32	20
Receivables and other assets		
Receivables attributable to services	2,627	2,121
Other assets	2,067	376
Tax refund assets	206	219
Cash and cash equivalents and other current deposits	37,881	37,844
	<b>42,813</b>	<b>40,580</b>
	<b>64,726</b>	<b>59,600</b>



<b>LIABILITIES</b>	<b>03/31/2008</b> in € thousand	<b>12/31/2007</b> in € thousand
<b>Shareholders' equity</b>		
Subscribed capital	5,202	5,202
Capital reserves	38,517	38,517
Other reserves	807	636
Cumulative profit/loss	3,367	1,744
	<b>47,893</b>	<b>46,099</b>
Minorities	(60)	(117)
	<b>47,833</b>	<b>45,982</b>
<b>Non-current liabilities</b>		
Liabilities from finance leases	85	240
Deferred tax liabilities	1,871	1,533
Deferred income	574	540
	<b>2,530</b>	<b>2,313</b>
<b>Current liabilities</b>		
Liabilities from finance lease	170	160
Trade accounts payable	738	2,320
Deferred income	7,494	6,380
Other liabilities	4,741	1,702
Tax liabilities	1,220	743
	<b>14,363</b>	<b>11,305</b>
	<b>64,726</b>	<b>59,600</b>

## Consolidated cash flow statement for the period from January 1 to March 31, 2008

	01/01/2008 - 03/31/2008 in € thousand	01/01/2007 - 03/31/2007 in € thousand
Earnings before taxes	2,530	467
Depreciation	222	143
Depreciation on capitalized development costs	166	207
Personnel expenses for stock option plan	232	134
Interest income	(289)	(305)
Interest received	289	305
Interest expenses	7	16
Interest paid	(1)	(6)
Gain from disposal of fixed assets	(2)	0
Change in receivables and other assets	(2,197)	56
Change in liabilities and other liabilities	1,349	(1,279)
Change in other assets and liabilities with regard to acquisition of consolidated companies	38	2
Change in deferred income	1,146	614
<b>Cash flow from operating activities</b>	<b>3,490</b>	<b>354</b>
Acquisition of intangible assets (self-developed software)	(436)	(650)
Acquisition of intangible assets (acquired software)	(4)	(6)
Acquisition of other intangible assets	(81)	(8)
Income from the disposal of fixed assets	3	0
Acquisition of property, plant and equipment	(442)	(111)
Acquisition of consolidated companies less cash acquired	(2,209)	(1,154)
Acquisition of minority interests	(365)	0
Investment in other financial assets	127	(100)
<b>Cash flow from investing activities</b>	<b>(3,407)</b>	<b>(2,029)</b>
Repayment of liabilities from finance leases	(40)	(38)
Interest paid	(6)	(10)
<b>Cash flow from financing activities</b>	<b>(46)</b>	<b>(48)</b>
Change in cash and cash equivalents	37	(1,723)
Cash and cash equivalents at the beginning of the period	37,844	45,225
<b>Cash and cash equivalents at the end of the period</b>	<b>37,881</b>	<b>43,502</b>

## Statement of movements in consolidated shareholders' equity as of March 31, 2008

	Shareholders' equity attributable to shareholders of the parent company						Total equity in € thousand
	Subscribed capital in € thousand	Capital reserve in € thousand	Other reserves in € thousand	Retained earnings in € thousand	Total in € thousand	Minority interests in € thousand	
<b>At 01/01/2007</b>	<b>5,202</b>	<b>38,517</b>	<b>54</b>	<b>(2,862)</b>	<b>40,911</b>	<b>0</b>	<b>40,911</b>
Currency translation	0	0	(1)	0	(1)	0	(1)
Total income and expense for the period recognised directly in the equity	0	0	(1)	0	(1)	0	(1)
Net result	0	0	0	467	467	0	467
Total result for the period	0	0	(1)	467	466	0	466
Capital increase out of company funds	0	0	0	0	0	0	0
Cash capital increase	0	0	0	0	0	0	0
Cost of procuring shareholders' equity	0	0	0	0	0	0	0
Personnel expenses, stock option program	0	0	134	0	134	0	134
<b>At 03/31/2007</b>	<b>5,202</b>	<b>38,517</b>	<b>186</b>	<b>(2,395)</b>	<b>41,510</b>	<b>0</b>	<b>41,510</b>
<b>At 01/01/2008</b>	<b>5,202</b>	<b>38,517</b>	<b>636</b>	<b>1,744</b>	<b>46,099</b>	<b>(117)</b>	<b>45,983</b>
Currency translation	0	0	(61)	0	(61)	0	(1)
Total income and expense for the period recognised directly in the equity	0	0	(61)	0	(61)	0	(1)
Net result	0	0	0	1,623	1,623	57	1,679
Total result for the period	0	0	(61)	1,623	1,561	57	1,618
Capital increase out of company funds	0	0	0	0	0	0	0
Cash capital increase	0	0	0	0	0	0	0
Cost of procuring shareholders' equity	0	0	0	0	0	0	0
Personnel expenses, stock option program	0	0	232	0	232	0	232
<b>At 03/31/2008</b>	<b>5,202</b>	<b>38,517</b>	<b>807</b>	<b>3,367</b>	<b>47,893</b>	<b>(60)</b>	<b>47,833</b>

# Notes to the consolidated interim financial statements for the first quarter ending March 31, 2008

## Basis of preparing the financial statements as well as accounting policies

XING AG (XING) provides leading online services for business persons with numerous professional tools, incl. enhanced contact management, highly developed networking options and digital profile management. XING generates its revenues by way of subscriptions, advertising and eCommerce.

The consolidated interim financial statements for the quarter ending on March 31, 2008 have been prepared in accordance with the International Financial Reporting Standard for Interim Financial Statements (IAS 34) adopted by the EU.

The period under review comprises the period from January 1, 2008 to March 31, 2008. The corresponding previous year period is the period between January 1, 2007 and March 31, 2007.

The accounting policies applied for the consolidated interim financial statements correspond to the methods applied in the consolidated financial statements for the period ending December 31, 2007.

## Group of consolidated companies

The group of consolidated companies in the consolidated interim financial statements comprises the following companies:

	03/31/2008	12/31/2007	Initial consolidation	Shareholders' equity as of 03/31/2008 in € thousand	Result Q1/2008 in € thousand
	in %	in %			
openBC China Ltd., China	85	55	2006	1	0
openBC Network Technology (Beijing) Co. Ltd., China <sup>1)</sup>	100	100	2006	283	(58)
Grupo Galenicom Tecnologias de la Información, S.L., (eConozco), Spain	100	100	2007	2	(1)
XING International Holding GmbH, Germany	100	100	2007	25	0
Neurona Networking, S.L., (Neurona), Spain <sup>2)</sup>	100	100	2007	67	(144)
EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Sirketi (cember.net) <sup>3)</sup>	80	0	2008	72	0

<sup>1)</sup> 100 percent are held indirectly via shares of 85 percent in openBC China Ltd, China.

<sup>2)</sup> 100 percent are held indirectly via shares of 100 percent in XING International Holding GmbH, Germany.

<sup>3)</sup> 80 percent are held indirectly via shares of 97.5 percent in XING International Holding GmbH and 0.5 percent in XING AG.

## Stock option plan

Further stock options were issued to new employees and certain key members of staff of the Company on March 7, 2008 within the framework of the stock option program 2006. A total figure of € 232 thousand was recognized for the three existing tranches in the first quarter of 2008. The valuation of the stock option plan has been performed by Mercer Deutschland GmbH, and is based on the same methods and updated criteria applicable for the stock option plan 2006.

## Company acquisition

On January 23, 2008, the Group acquired 80 percent of the voting rights in EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Sirketi (cember.net). cember.net, the largest Turkish contact network, offers professional networking for the Turkish-speaking community worldwide and focused on the user group of "Business Professionals" right since its founding. The acquisition has been accounted for using the purchase method of accounting. The acquisition was initially consolidated as of the date of the acquisition.

The purchase price for the shares of cember.net, including transaction related costs, amounted to € 2,243 thousand, and was paid in cash. Cash of € 35 thousand was acquired as part of the transaction, and the net outflow of cash resulting from the company acquisition was thus € 2,209 thousand. Further costs, e.g. notary and legal fees, are still expected.

The fair values of the identifiable assets and liabilities of cember.net at the time of the acquisition are shown in the following table:

	Acquisition capitalization in € thousand	Book value in € thousand
Intangible assets	2,171	2,171
Cash and cash equivalents	35	35
Other assets	136	136
Other liabilities assumed	(99)	(99)

Outflow of cash as a result of the company acquisition:

	Amount in € thousand
Purchase price	(1,930)
Direct transaction costs	(314)
Cash acquired with the subsidiary	35
<b>Net outflow of cash</b>	<b>(2,209)</b>

The purchase price was allocated on a provisional basis in the consolidated interim financial statements for the period ending March 31, 2008. The purchase price was fully allocated to the other intangible assets. A definitive breakdown of the amount over individually identifiable intangible assets or goodwill will be shown in the consolidated interim financial statements for the period ending June 30, 2008. Any goodwill to be recognized is attributable to expected synergies and other effects resulting from the process of merging the assets and activities of cember.net with the assets and activities of the Group.

cember.net was acquired in order to enable the Company to break into the Turkish market. XING intends to acquire the remaining shares of cember.net over the next twelve months.

cember.net reported a loss of approximately € 5 thousand for the 3-month period ending March 31, 2008.

Further investments in equity participations in the first quarter of 2008 were reported as € 365 thousand in openBC China Ltd., Hong Kong. In the previous year period, investments of € 100 thousand were incurred for increasing the equity participation in Plazes AG, Zurich, Switzerland. On January 31, 2008, XING increased its existing holding of 55 percent in openBC China Ltd. by 30 percent. As of the end of the first quarter of 2008, XING holds a total of 85 percent of openBC China Ltd.

### Additions and disposals of assets

In the 3-month period ending March 31, 2008, the Group recognized payments of € 436 thousand for self-developed software (previous year period: € 650 thousand). The capitalized self-developed software includes costs of further developments and further functions of the website of XING.

The Group invested a total of € 442 thousand for further development of the XING platform (self-developed software) and for purchasing EDP software and hardware as well as other business equipment in the first quarter ending March 31, 2008 (previous year period € 111 thousand).

### Breakdown of other operating expenses

The following table breaks down the main items of other operating expenses:

	01 / 01 / 2008 - 03 / 31 / 2008 in € thousand	01 / 01 / 2007 - 03 / 31 / 2007 in € thousand
IT and operating expenses and expenses for emerging markets	516	545
IT services and maintenance	356	301
Cost of payment processing	311	150
Legal, consulting and audit expenses	256	383
Travel, entertainment and other operating expenses	102	124
Other	406	285
<b>Total</b>	<b>1,947</b>	<b>1,788</b>

## Segment information

XING AG has an operating segment which includes Premium memberships (incl. revenues from subscription memberships and Premium groups), Advertising (incl. advertising revenues), eCommerce (incl. Marketplace) and Other.

The segmentation of the Group is accordingly based on the products and services offered by the Group.

	01/01/2008 - 03/31/2008 in € thousand	01/01/2007 - 03/31/2007 in € thousand
Premium memberships	5,913	3,738
eCommerce	961	0
Advertising	521	0
Other	18	15
<b>Revenues from services</b>	<b>7,413</b>	<b>3,753</b>

## Related parties

In the period under review, Epublica GmbH, Hamburg, which is a shareholder of the Company and which develops the application of the XING platform, provided services of € 458 thousand to XING (previous year period: € 664 thousand).

## Major events during and after the end of the interim reporting period

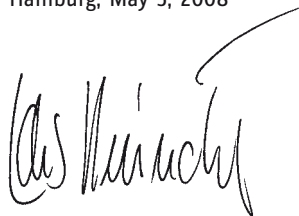
No major events have occurred after the end of the first quarter.

## Director's dealings

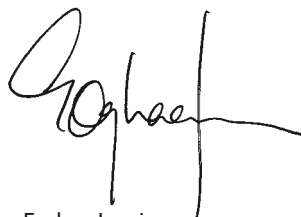
No reportable transactions in accordance with section 15a of the German Securities Trading Act have been published in the course of the first quarter of 2008.

Information relating to Director's dealings in accordance with section 15 of the German Securities Trading Act can be downloaded from the Company's website under the Investor Relations heading.

Hamburg, May 5, 2008



Lars Hinrichs  
CEO and founder  
XING AG



Eoghan Jennings  
CFO  
XING AG



Burkhard Blum  
Member of the  
Executive Board  
XING AG

# XING shares

## Key parameters of XING shares

	Q1 / 2008	Q1 / 2007
XETRA closing price	€ 36.40	€ 32.20
High	€ 44.90	€ 33.89
Low	€ 36.40	€ 26.00
Market capitalization	€ 189.34 million	€ 167.49 million
Average trading volume per trading day	4,725	6,087
Ranking in TecDAX		
Based on revenues	40	76
Based on market capitalization	40	68
Earnings per share (undiluted)	€ 0.31	€ 0.09
Operating cash flow per share	€ 0.67	€ 0.07
Shareholders' equity per share	€ 9.20	€ 7.98

## Master data of XING shares

Number of shares	5,201,700
Type of share	Registered shares
IPO	December 7, 2006
Trading symbol	O1BC
Security ID number (WKN)	XNG888
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Market segment	Prime Standard
Stock exchanges	Berlin, Bremen, Düsseldorf, Frankfurt, Munich, Stuttgart

## Performance of share price compared with the indices

	Q1 / 2008
XING	- 19 %
TecDAX	- 20 %
DAX	- 18 %
SDAX	- 14 %



# Financial calendar 2008

Date	Event
March 27, 2008	Annual report 2007
May 15, 2008	Interim report for Q1 2008
May 21, 2008	Ordinary shareholders' meeting
August 14, 2008*	Interim report for H1 2008
November 13, 2008*	Interim Report for Q3 2008

\* Probable dates

## Masthead and contact

This quarterly report is available in German and English. Both versions as well as further press releases can also be downloaded in the Internet under [www.xing.com](http://www.xing.com).

Annual reports, interim reports and current financial information regarding XING AG can be obtained from:

XING AG  
Investor Relations  
Gänsemarkt 43  
20354 Hamburg  
Phone +49 40 41 91 31-10  
Fax +49 40 41 91 31-11

### Editor in Chief

Patrick Möller

### Editing Manager

Daniela Hinrichs

### Photos

Holde Schneider, Hamburg  
XING AG, Hamburg

Press releases and current information concerning XING AG can be obtained from:

### Corporate Communications

Daniela Hinrichs  
Phone +49 40 41 91 31-19  
Fax +49 40 41 91 31-11  
[presse@xing.com](mailto:presse@xing.com)

### Concept and design

HGB Hamburger Geschäftsberichte  
GmbH & Co. KG

**POWERING RELATIONSHIPS**  
**WWW.XING.COM**